



**RULE-MAKING ORDER**  
(RCW 34.05.360)

**CR-103** (10/1/89)

Agency: Board of Accountancy

- Permanent Rule
- Emergency Rule

(1) Date of adoption: September 16, 1991 6:45 p.m.

(2) Purpose: Define the type and amount of experience that must be obtained by an applicant for a license to practice public accounting as a CPA.

(3) Citation of existing rules affected by this order:

- Repealed:
- Amended: WAC 4-25-190 - Experience
- Suspended:

(4) Authority for adoption:  
Statute: RCW 18.04.055(9); RCW 18.04.215(a)  
Other Authority:

**(5.1) PERMANENT RULE ONLY**

Pursuant to notice filed as WSR 91-14-091 on July 2, 1991 (date).

Describe any changes other than editing from proposed to adopted version:

See attached memo

**(5.2) EMERGENCY RULE ONLY**

Pursuant to RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes  No If yes, explain:

(6) Effective date of rule:

**Permanent Rules**

- 31 days after filing
- Other (specify) \_\_\_\_\_ \*

\*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

**Emergency Rules**

- Immediately
- Later (specify) \_\_\_\_\_

**CODE REVISER USE ONLY**

CODE REVISER'S OFFICE  
STATE OF WASHINGTON  
FILED

OCT 03 1991

TIME 4:35 AM  
WSR 91-21-005

NAME (TYPE OR PRINT)

Carey L. Rader

SIGNATURE

TITLE

Chief Executive Officer

DATE

10/3/91



STATE OF WASHINGTON  
BOARD OF ACCOUNTANCY

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**Memo to WAC 4-25-190 Rules File**  
**September 27, 1991**  
**Carey L. Rader**

REASONS

The Board adopted WAC 4-25-190 amendments because Board Members believed existing experience rules were unduly restrictive and unfair to both small firms and candidates for CPA certification. The amendments relaxed requirements, particularly in the area of attest tasks.

CHANGES

The Board made minor changes to the text as proposed by the Washington Society of Certified Public Accountants. Two of the changes were subject to hearing as a part of the alternative rule considered by the Board (WAC 4-25-192). The changes were:

At §(1), the window for obtaining qualifying experience was changed from within 5 years of passing the uniform CPA exam to within the 5 years preceding application for license. Candidates for public license provided substantial testimony against requiring that experience be obtained within 5 years of passing the CPA exam.

At §(2)(a), the Board deleted the last sentence and all of subsections (2)(a)(i) and (2)(a)(ii) calling for the employing firm to have "received a report that is acceptable" from a Board approved peer or quality review program and substituted a single sentence requiring the employing firm to "participate" in a Board approved peer or quality review program. The reason for the change was to remove the burden for determining whether an employing firm "received a report that is acceptable" from the CPA candidate (who wouldn't know and might jeopardize employment trying to find out).

At §(2)(a), the Board added language to the text calling for a participation in a peer or quality review program to make it clear that the program must cover the firm's accounting or auditing practice. The reason for the change is to emphasize experience in the services that are unique to CPAs and have the greatest potential for harm to the public if poorly rendered.

AMENDATORY SECTION (Amending Order ACB-146, filed 2/25/88)

WAC 4-25-190 EXPERIENCE. Experience required for issuance of an initial license (~~((pursuant--to--RCW--18.04.215--(1)(a)))~~) shall meet the requirements of this section:

(1) EXPERIENCE DEFINITION AND TIMING: One year of experience shall consist of full-time employment of no less than two thousand hours. For purposes of computing work experience for a part-time employee, two thousand hours shall constitute one year. Employment may be for one or more employers, with or without compensation, and may consist of any combination of full-time and part-time employment. For an applicant who passed the uniform certified public accounting examination prior to May 1988, experience obtained more than five years prior to application for initial license shall be supplemented by eighty hours of continuing education during the two-year period prior to application. For an applicant who passed the examination in May 1988, or thereafter, this experience must ((be--obtained--within--the--five--year--period--prior--to--application)) cover a minimum twelve-month period and must be obtained no more than five years prior to applying for a license.

(2) EXPERIENCE IN PUBLIC ACCOUNTING:

(a) An applicant shall show he/she has had employment for a period of one year as a staff accountant under the direct supervision of a currently licensed certified public accountant who is actively engaged in the practice of public accounting and is a member of a firm licensed to practice public accounting. Experience shall be in a CPA firm that participates in a board approved peer or quality review of its accounting or auditing practice. Qualifying experience for purposes of this section shall mean the performance of services as one skilled in the knowledge and practice of public accounting, including performance of accounting or auditing procedures, issuance of reports on financial statements, performance of management advisory or other consulting services, preparation of tax returns and furnishing advice on tax matters.

(b) Public accounting services shall be performed for clients of a certified public accountant or a firm of certified public accountants in compliance with the board's rules and must regularly involve the exercise of independent judgment and the application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Ethics, Generally Accepted Auditing Standards, Statement of Responsibilities in Tax Practice, Statement on Standards for Management Advisory Services, Statement on Standards for Accounting and Review Services, Statement on Standards for Attestation Engagements and other similar practice standards issued by the American Institute of Certified Public Accountants.

~~((c)--Commencing--July--1,--1988,--an--applicant--shall--demonstrate--that--he/she--has--obtained--required--experience--by--performing--one--or--more--of--the--services--described--in--(a)--and--(b)--of--this--subsection,--including--attest--function--experience--related--to--reports--on--financial--statements. As--a--guideline,--five--hundred--hours--of--attest--function--experience--will--be--necessary--to--achieve--a--minimum--level--of--competence.--Experience--gained--in--less--than--five--hundred--hours--will--be--evaluated--for--quality--and--substance--on--a--case--by--case--basis.--The--attest--function--experience--shall--consist--of--experience--within--activities--generally--performed--by--certified--public--accountants--in--audit--engagements,--review--engagements,--compliance--audits,--management--audits,--operational--audits,--or--other--attest--function--engagements.~~

~~(d)--An--applicant's--attest--function--experience--shall--include--the--following:~~

~~(i)--Experience--in--applying--a--variety--of--auditing--procedures--and--techniques--to--the--usual--and--customary--financial--transactions--recorded--in--accounting--records;~~

~~(ii)--Experience--in--the--preparation--of--working--papers--in--connection--with--each--element--of--the--work--accomplished--under--(d)(i)--of--this--subsection;~~

(iii) Experience in the planning of the program for the application of accounting and/or auditing procedures and techniques including the selection of the procedures to be followed;

(iv) Experience in the preparation of written explanations and comments on the results of accounting and/or auditing work; and

(v) Experience in the preparation and analysis of financial statements, including explanations and notes.

(e) Attest function experience shall be documented on an experience affidavit form provided by the board which enumerates specific procedures typically applied in an audit of financial statements. The objective of the affidavit is to provide evidence that an applicant has a satisfactory knowledge of current practice standards and pronouncements of the profession.)

(3) EXPERIENCE OTHER THAN IN PUBLIC ACCOUNTING:

(a) The experience required, as stated in subsection (2) of this section, may also be met by work experience, not including in-classroom training, performed under the direct supervision of a currently licensed certified public accountant in a commercial or governmental organization which has filed a sponsorship agreement with the board, acceptable to the board, which among other things specifies:

(i) The scope of accounting, auditing, consulting, and other services performed within the organization;

(ii) The professional education and on-job training provided to an applicant prior to application; and

(iii) The program of review and supervision performed by the internal review committee within the organization which administers the agreement.

(b) Qualifying work experience must be of a type and at a level equivalent to that performed in public accounting practice and must regularly involve the exercise of independent judgment and the application of the appropriate technical and behavioral standards.

((c) Two years of experience outside of public accounting shall be considered equivalent to one year of public accounting experience.))

(4) EXPERIENCE AFFIDAVIT: The experience claimed by an applicant shall be verified by the certified public accountant or firm of certified public accountants supervising the applicant on an experience affidavit form provided by the board.

(5) EXAMINATION OF EXPERIENCE DOCUMENTATION:

(a) Any licensee who has furnished evidence of an applicant's experience to the board shall upon request by the board explain in writing or in person the information so provided.

(b) The board may require an interview or an inspection of documentation relating to an applicant's experience. Any licensee having custody of such documentation shall produce it upon request by the board.

(c) Any licensee who refuses to provide the evidence or documentation of the applicant's experience, requested by an applicant or by the board, shall upon request by the board explain in writing or in person the basis for such refusal.

(6) RECIPROCITY: An applicant who applies for initial license in this state shall be required to document experience obtained in another jurisdiction which is equivalent to the requirements of this state.